

SENATE BILL NO. 302

INTRODUCED BY B. KEENAN

BY REQUEST OF THE SENATE FINANCE STANDING COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT CHANGING THE NAME OF THE SENATE FINANCE AND CLAIMS COMMITTEE TO THE SENATE FINANCE COMMITTEE; AMENDING SECTIONS 5-2-202, 5-12-202, 5-12-205, 17-1-103, 17-2-107, AND 17-7-402, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 5-2-202, MCA, is amended to read:

"5-2-202. Presession activity. (1) Members of the legislature nominated to leadership positions during the presession caucus and members nominated or appointed to the legislative administration committees, committee on committees, and rules committees may meet and perform necessary organizational tasks prior to the session, including but not limited to appointing committees, hiring staff, and assigning space and seating.

(2) Members of the house appropriations committee and of the senate finance ~~and claims~~ committee named prior to the session may begin reviewing requests for appropriations immediately and may visit state agencies and institutions to discuss requests."

Section 2. Section 5-12-202, MCA, is amended to read:

"5-12-202. Appointment of members. (1) The legislative finance committee consists of:

(a) four members of the senate finance ~~and claims~~ committee appointed by the ~~chairman~~ presiding officer;

(b) two members of the senate appointed at large by the committee on committees;

(c) four members of the house of representatives appropriations committee appointed by the ~~chairman~~ presiding officer; and

(d) two members of the house appointed at large by the speaker.

(2) These members ~~shall~~ must be appointed before the end of each legislative session. No more than three members of each house, two committee members and one at-large member, may be from the same political party."

Section 3. Section 5-12-205, MCA, is amended to read:

"5-12-205. Powers and duties of committee. The committee:

(1) may organize, adopt rules to govern its proceedings, and meet as often as necessary, upon the call of the presiding officer, to advise and consult with the legislative fiscal analyst;

(2) may employ and, in accordance with the rules for classification and pay adopted by the legislative council, set the salary of the legislative fiscal analyst. The legislative fiscal analyst shall serve at the pleasure of and ~~be~~ is responsible for providing services to the committee.

(3) may exercise the investigatory powers of a standing committee under chapter 5, part 1, of this title; and

(4) shall, before each regular and special legislative session involving budgetary matters, prepare recommendations to the house appropriations committee and the senate finance ~~and claims~~ committee on the application of certain budget issues. At a minimum, the recommendations must include procedures for the consistent application during each session of inflation factors, the allocation of fixed costs, and the personal services budget. The committee may also make recommendations on other issues of major concern in the budgeting process, such as estimating the cost of implementing particular programs based upon present law."

Section 4. Section 17-1-103, MCA, is amended to read:

"17-1-103. Assistance to legislature. (1) The department shall make all reports and submit all information and data the legislature requests and, when requested, attend all meetings of the appropriations committee of the house of representatives and of the finance ~~and claims~~ committee of the senate.

(2) The department shall, during the consideration of appropriation measures by the house and senate, devote ~~so~~ as much of its time as may be required by the ~~above-named committees~~ appropriations committee and the finance committee, under the direction of the respective ~~chairmen~~ presiding officer of the committees."

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2 **Section 5.** Section 17-2-107, MCA, is amended to read:

3 **"17-2-107. Accurate accounting records and interentity loans.** (1) The department shall record
4 receipts and disbursements for treasury funds and for accounting entities within treasury funds and shall
5 maintain records in a manner that reflects the total cash and invested balance of each fund and each
6 accounting entity. The department shall adopt the necessary procedures to ensure that interdepartmental
7 or intradepartmental transfers of money or loans do not result in inflation of figures reflecting total
8 governmental costs and revenue.

9 (2) (a) Subject to 17-2-105, when the expenditure of an appropriation from a fund designated in
10 17-2-102(1)(a) through (1)(c) is necessary and the cash balance in the accounting entity from which the
11 appropriation was made is insufficient, the department may authorize a temporary loan, bearing no
12 interest, of unrestricted money from other accounting entities if there is reasonable evidence that the
13 income will be sufficient to repay the loan within 1 calendar year and if the loan is recorded in the state
14 accounting records. An accounting entity receiving a loan or an accounting entity from which a loan is
15 made may not be so impaired that all proper demands on the accounting entity cannot be met even if the
16 loan is extended.

17 (b) (i) When an expenditure from a fund or subfund designated in 17-2-102(1)(d) is necessary and
18 the cash balance in the fund or subfund from which the expenditure is to be made is insufficient, the
19 commissioner of higher education may authorize a temporary loan, bearing interest as provided in
20 subsection (4), of money from the agency's other funds or subfunds if there is reasonable evidence that
21 the income will be sufficient to repay the loan within 1 calendar year and if the loan is recorded in the state
22 accounting records. A fund or subfund receiving a loan or from which a loan is made may not be so
23 impaired that all proper demands on the fund or subfund cannot be met even if the loan is extended.

24 (ii) One accounting entity within each fund or subfund designated in 17-2-102(1)(d) must be
25 established for the sole purpose of recording loans between the funds or subfunds. This accounting entity
26 is the only accounting entity within each fund or subfund that may receive a loan or from which a loan
27 may be made.

28 (c) A loan made under subsection (2)(a) or (2)(b) must be repaid within 1 calendar year of the date
29 on which the loan is approved unless it is extended under subsection (3) or by specific legislative
30 authorization.

(3) Under unusual circumstances, the director of the department or the board of regents may grant one extension for up to 1 year for a loan made under subsection (2)(a) or (2)(b). The director or board shall prepare a written justification and proposed repayment plan for each loan extension authorized and shall furnish a copy of the written justification and proposed repayment plan to the house appropriations and senate finance ~~and claims~~ committees at the next legislative session.

(4) Any loan from the current unrestricted subfund to funds designated in 17-2-102(1)(d)(i)(D) and (1)(d)(ii) through (1)(d)(vi) must bear interest at a rate equivalent to the previous fiscal year's average rate of return on the board of investments' short-term investment pool.

(5) If for 2 consecutive fiscal yearends a loan or an extension of a loan has been authorized to the same accounting entity as provided in subsection (2) or (3), the department or the commissioner of higher education shall submit to the legislative finance committee by September 1 of the following fiscal year a written report containing an explanation as to why the second loan or extension was made, an analysis of the solvency of the accounting entity or accounting entities within the university fund or subfund, and a plan for repaying the loans.

(6) If for 2 consecutive fiscal yearends an accounting entity in a fund or subfund designated in 17-2-102(1)(d) has a negative cash balance, the commissioner of higher education shall submit to the legislative finance committee by September 1 of the following fiscal year a written report containing an explanation as to why the accounting entity has a negative cash balance, an analysis of the solvency of the accounting entity, and a plan to address any problems concerning the accounting entity's negative cash balance or solvency.

(7) (a) An accounting entity in a fund designated in 17-2-102(1)(a) through (1)(c) may not have a negative cash balance at fiscal yearend. The department may, however, allow a fund type within each agency to carry a negative balance at any point during the fiscal year if the negative cash balance does not exist for more than 7 working days.

(b) (i) Except as provided in subsection (7)(b)(ii), a unit of the university system shall maintain a positive cash balance in the funds and subfunds designated in 17-2-102(1)(d).

(ii) If a fund or subfund inadvertently has a negative cash balance, the department may allow the fund or subfund to carry the negative cash balance for no more than 7 working days. If the negative cash balance exists for more than 7 working days, a transaction may not be processed through the statewide accounting system for that fund or subfund.

(8) Notwithstanding the provisions of subsections (2) through (4), the department may authorize loans to accounting entities in the federal and state special revenue funds with long-term repayment whenever necessary because of the timing of the receipt of agreed-upon reimbursements from federal, private, or other governmental entity sources for disbursements made. If possible, the loans must be made from funds other than the general fund. The department may approve the loans if the requesting agency can demonstrate that the total loan balance does not exceed total receivables from federal, private, or other governmental entity sources and receivables have been billed on a timely basis. The loan must be repaid under terms and conditions that may be determined by the department or by specific legislative authorization."

Section 6. Section 17-7-402, MCA, is amended to read:

"17-7-402. Budget amendment requirements. (1) Except as provided in subsection (7), a budget amendment may not be approved:

(a) by the approving authority, except a budget amendment to spend:

(i) additional federal revenue;

(ii) additional tuition collected by the Montana university system;

(iii) additional revenue deposited in the internal service funds within the department or the office of the commissioner of higher education as a result of increased service demands by state agencies;

(iv) Montana historical society enterprise revenue resulting from sales to the public;

(v) additional revenue that is deposited in funds other than the general fund and that is from the sale of fuel for those agencies participating in the Montana public vehicle fueling program established by Executive Order 22-91;

(vi) revenue resulting from the sale of goods produced or manufactured by the industries program of an institution within the department of corrections; or

(vii) revenue collected for the administration of the state grain laboratory under the provisions of Title 80, chapter 4, part 7;

(b) by the approving authority if the budget amendment contains any significant ascertainable commitment for any present or future increased general fund support;

(c) by the approving authority for the expenditure of money in the state special revenue fund unless an emergency justifies the expenditure or the expenditure is exempt under subsection (5);

(d) by the approving authority unless it will provide additional services;

(e) by the approving authority for any matter of which the requesting agency had knowledge at a time when the proposal could have been presented to an appropriation subcommittee, the house appropriations committee, or the senate finance ~~and claims~~ committee of the most recent legislative session open to that matter, except when the legislative finance committee is given specific notice by the approving authority that significant identifiable events, specific to Montana and pursuant to provisions or requirements of Montana state law, have occurred since the matter was raised with or presented for consideration by the legislature; or

(f) to extend beyond June 30 of the last year of any biennium.

(2) A general fund loan made pursuant to 17-2-107 does not constitute a significant ascertainable commitment of present general fund support.

(3) All budget amendments must itemize planned expenditures by fiscal year.

(4) Each budget amendment must be submitted by the approving authority to the budget director and the legislative fiscal analyst. The proposed expenditure of money from nonstate or nonfederal sources that is restricted by law must be submitted to the legislative fiscal analyst.

(5) Money from nonstate or nonfederal sources that would be deposited in the state special revenue fund and that is restricted by law or by the terms of a written agreement, such as a contract, trust agreement, or donation, is exempt from the requirements of this part.

(6) An appropriation that would usually be the subject of a budget amendment that is submitted to the legislature for approval during a legislative session may not include authority to spend money beyond the first fiscal year of the next biennium.

(7) A budget amendment to spend state funds, other than from the general fund, required for matching funds in order to receive a grant is exempt from the provisions of subsection (1)."

NEW SECTION. **Section 7. Effective date.** [This act] is effective on passage and approval.

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